

Exhibit “B”

Form **886A**

Department of the Treasury Internal Revenue Service

Schedule No. or Exhibit

Explanation of Items**Name of Taxpayer & Employer Identification Number**

Green Jacobson PC

Year/Period Ended

12/31/2015

Issues:

Did Green Jacobson PC fail to file and fail to furnish forms 1099 for reportable payments made for services in 2015?

Did Green Jacobson PC fail to backup withhold from reportable payments made for services in 2015?

Facts:

Green Jacobson PC law firm operating out of St. Louis, MO. It went out of business in 2015.

Green Jacobson PC made payments for legal and accounting services.

2015	
CBIZ MHM	1,115
Desai Eggman Mason LLC	23,484
Law Office of Michael Gross	34,645.60
Total	\$59,244.6

None of these payees are corporate entities per the Minnesota Secretary of State or if they were corporate entities then the payees received payments for legal or accounting services.

Green Jacobson PC did not obtain the taxpayer identification number from any of the payees listed above at the time reportable payments were made. The Forms W-9 were requested and the trustee said that they did not have those forms.

Green Jacobson PC did not file Forms 1099 for any of the payees listed above in 2015.

Green Jacobson PC did not file a Form 945 for 2015.

Applicable Law:

Before and hereinafter "Internal Revenue Code" or "IRC" refers to Title 26 of the United States Code, "§" refers to section, "§§" refers to sections, IRM refers to the Internal Revenue Manual, "Rev. Rul." refers to Revenue Ruling and "Treas. Reg." Or "26 CFR" or refers to Treasury Regulation.

IRC § 6041A requires that any **service-recipient engaged in a trade or business, who pays remuneration aggregating \$600 or more to any person for services shall make a return** for such payments. **The return is to be filed** to the Internal Revenue

Form 886A

Department of the Treasury Internal Revenue Service

Pg 3 of 14

Schedule No. or Exhibit

Explanation of Items
Name of Taxpayer & Employer Identification Number
 Green Jacobson PC

Year/Period Ended
 12/31/2015

Service by the last day of February (or March if filed electronically) of the following year and **the return is to be furnished** to the payee by the last day of January of the following year.

IRC § 6049 requires that **any person who pays interest** aggregating **\$10 or more** to any person **shall make a return** for such payments. **The return is to be filed** to the Internal Revenue Service by the last day of February (or March if filed electronically) of the following year and **the return is to be furnished** to the payee by the last day of January of the following year.

IRC § 6042 requires that **any person who pays dividends** aggregating **\$10 or more** to any person **shall make a return** for such payments. **The return is to be filed** to the Internal Revenue Service by the last day of February (or March if filed electronically) of the following year and **the return is to be furnished** to the payee by the last day of January of the following year.

IRC § 6050N requires that **any person who pays royalties** aggregating **\$10 or more** to any person **shall make a return** for such payments. **The return is to be filed** to the Internal Revenue Service by the last day of February (or March if filed electronically) of the following year and **the return is to be furnished** to the payee by the last day of January of the following year.

IRC § 6051 requires that **any person who pays wages** that withheld employment taxes (as defined as a tax defined under IRC §3101 or IRC §3402)) or would have been required to withhold employment taxes **shall make a return** for such payments. **The return is to be filed** to the Social Security Administration by the last day of February (or March if filed electronically) of the following year and **the return is to be furnished** to the payee by the last day of January of the following year.

26 CFR §1.6041-3(p) provides that no information return is required under IRC §6401 if the payments are to corporations and the payments are not for attorney fees or health care services.

IRC § 6721(a)(1) imposes a penalty for each failure to file a correct return as required by IRC § 6041(a) for all for entities with the average annual gross receipts for the last three years not being more than 5 million:

For all **returns required to be filed before January 1, 2011** that were filed after August 1 of the required year or **not filed at all** the penalty for each failure was **\$50 per failure** up to \$250,000.

Form 886A	Department of the Treasury Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
Name of Taxpayer & Employer Identification Number Green Jacobson PC		Year/Period Ended 12/31/2015

For all **returns required to be filed on or after January 1, 2011** that were filed after August 1 of the required year or **not filed at all** the penalty for each failure was **\$100 per failure** up to \$500,000.

For all **returns required to be filed on or after January 1, 2016** that were filed after August 1 of the required year or **not filed at all** the penalty for each failure was **\$260 per failure** up to \$1,059,500.

IRC § 6722(a)(1) imposes a penalty for each failure to furnish a correct return as required by IRC § 6041(d) for all for entities with the average annual gross receipts for the last three years not being more than 5 million:

For all **returns required to be furnished before January 1, 2011** that were filed after August 1 of the required year or **not furnished at all** the penalty for each failure was **\$50 per failure** up to \$250,000.

For all **returns required to be furnished on or after January 1, 2011** that were filed after August 1 of the required year or **not furnished at all** the penalty for each failure was **\$100 per failure** up to \$500,000.

For all **returns required to be furnished on or after January 1, 2016** that were filed after August 1 of the required year or **not furnished at all** the penalty for each failure was **\$260 per failure** up to \$1,059,500.

IRC §§ 6721(a)(2) and 6722(a)(2) both defines a failure to file a correct information return as: **any failure to file an information return** with the Secretary on or **before the required filing date**, or **any failure to include all of the information required** to be shown on the return or the inclusion of incorrect information.

IRC § 3406. Backup withholding.

(a) Requirement to deduct and withhold.

(1) In general. In the case of any reportable payment, if--

- (A) **the payee fails to furnish his TIN to the payor** in the manner required,
- (B) the Secretary notifies the payor that the TIN furnished by the payee is incorrect,
- (C) there has been a notified payee under-reporting described in subsection (c), or
- (D) there has been a payee certification failure described in subsection (d), then the payor shall deduct and withhold from such payment a tax equal to the product of the fourth lowest rate of tax applicable under section 1(c) [IRC §1(c)] and such payment.

IRC § 1(c) shows the fourth lowest tax for unmarried individuals to be **28% of taxable income**.

Form 886A

Department of the Treasury Internal Revenue Service

Pg 5 of 14

Schedule No. or Exhibit

Explanation of Items**Name of Taxpayer & Employer Identification Number**

Green Jacobson PC

Year/Period Ended

12/31/2015

IRC § 3402(d) provides that if an employer, in violation of the provisions of this chapter, fails to deduct and withhold the tax under this chapter, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the employer; but his sub§ shall in no case relieve the employer from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

IRC §6651(a)(1) imposes a penalty in case of failure to file any return on the date prescribed therefore, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The Failure to File Penalty equals 5% per month not to exceed 25% in the aggregate.

IRC §6651(a)(2) imposes a penalty in case of failure to pay any amount in respect of any tax required to be shown on a return which is not shown within 21 calendar days from the date of notice and demand therefore, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The Failure to Pay Penalty equals 0.5% per month not to exceed 25% in the aggregate.

IRC §6651(a)(3) reduces the Failure to File Penalty by the amount of the Failure to Pay Penalty for any month in which both penalties apply (i.e. the Failure to File Penalty equals 4.5% for any month that the Failure to Pay Penalty is assessed).

IRC §6205 (a)(1) provides that if less than the correct amount of tax imposed by section 3101, 3111, 3201, 3221, or 3402 is paid with respect to any payment of wages or compensation, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, **without interest** in such manner and at such times as the secretary may by regulations prescribe.

IRM 20.1.1.3.1(6) The taxpayer **must** provide a written statement, signed under the penalty of perjury, requesting penalty relief for all other penalties. For example, requests for relief received either orally or without an authorized signature may **NOT** be considered for the following:

- TIN penalties,
- Information return penalties, or
- Penalties assessed by a compliance program.

26 CFR 6205-1 Requires that a return must have been filed (except in cases of worker classification when forms 1099 were filed), the adjustment must be due to a correction of an error, that the taxpayer was not aware of the error prior to examination bringing it to the attention, and the taxpayer took steps to correct the error namely agreeing to the examination adjustment prior to the issuance of a notice and demand for

Form **886A**

Department of the Treasury Internal Revenue Service

Pg 6 of 14

Schedule No. or Exhibit

Explanation of Items**Name of Taxpayer & Employer Identification Number**
Green Jacobson PC**Year/Period Ended**
12/31/2015

payment/notice of determination of worker classification connected to the underpayment.

Taxpayer's Position:

Unknown at this time.

Analysis and Conclusion:

The taxpayer failed to file and failed to furnish 7 information returns in 2015. The taxpayer however was unable to substantiate to examination that they had filed or furnished Forms 1099 to or for any of these payees listed above.

In the event that the taxpayer can substantiate that Forms 1099 were filed to the Internal Revenue Service and furnished to these payees timely, these penalties will be adjusted appropriately. Until such time, the following penalties are applicable:

Forms 1099 for 2015 were due to be filed on or after 1/1/2016, therefore the penalties associated each failure is \$100.

2015					
	# of Failures		Penalty		Total
Failure to File	3	x	\$ 260.00	=	\$ 780.00
Failure to Furnish	3	x	\$ 260.00	=	\$ 780.00
Grand Total					\$ 1,560.00

The taxpayer also has failed to deduct and withhold backup withholding from the reportable payments made to the payees above; therefore, the taxpayer is liable for 28% in backup withholding taxes which is the fourth lowest rate of tax applicable under section 1(c).

The taxpayer also failed to file and failed to pay the tax listed on Forms 945 for 2015 associated with the taxpayer's failure to deduct and withhold backup withholding from the reportable payments made to the payees above.

For calculations in regards to the backup withholding taxes, see Forms 4668-B in the revenue agent report. For calculations in regards to the failure to file and failure to pay penalties assessed, see the penalty calculation sheets that follow the Forms 4668-B in the revenue agent report.

In the event the taxpayer provides fully executed Forms 4669 and 4670, the backup withholding tax that the taxpayer failed to withhold will be abated under IRC §3402(d).

Form **886A**Department of the Treasury
Internal Revenue
Service

Pg 7 of 14

Schedule No. or Exhibit

Explanation of Items**Name of Taxpayer & Employer Identification Number**
Green Jacobson PC**Year/Period Ended**
12/31/2015

Please note that abatement of the backup withholding tax will not alter any interest or penalties proposed in the report.

In the event that the taxpayer can substantiate that Forms 1099 were filed to the Internal Revenue Service and furnished to any of these payees timely, the related back up withholding tax and the penalties related these taxes will be adjusted appropriately.

Form **886A**

Department of the Treasury Internal Revenue Service

Schedule No. or Exhibit

Explanation of ItemsName of Taxpayer & Employer Identification Number
Green Jacobson PCYear/Period Ended
12/31/2015

Date	Payee	Amt	Check #	Memo
4/1/2015	CBIZ MHM	1,115.00	1084	
Total		\$ 1,115.00		

Date	Payee	Amt	Check #	Memo
2/4/2015	Desai Eggman Mason LLC	2,100.00	1070	
3/3/2015	Desai Eggman Mason LLC	4,107.00	1083	
4/14/2015	Desai Eggman Mason LLC	11,959.50	1087	
2/27/2015	Desai Eggman Mason LLC	5,317.50	1082	
Total		\$ 23,484.00		

Date	Payee	Amt	Check #	Memo
1/26/2015	Law Office of Michael Gross	34,645.60	1062	retainer-SKMNV appeal
Total		\$ 34,645.60		

Form **2504**

(February 2014)

**Agreement to Assessment and Collection
of Additional Tax and Acceptance of Overassessment
(Excise or Employment Tax)**

Date received by Internal
Revenue Service

Taxpayer(s) name Green Jacobson PC		D/B/A		SSN/EIN
Address of taxpayer(s) (number, street) 8909 Ladue Rd		City/Town Saint Louis	State MO	ZIP code 63124

Adjustment to Tax, Credits and Penalties

Tax Period Ended	Return Form Number	Kind of Tax and Internal Revenue Code Section	Amount of Tax	Credit Increase (Decrease)	Penalty
2015	945	Backup W/H IRC 3406	16,588.49		5,225.37
Total			16,588.49		5,225.37

I consent to the immediate assessment (increase in tax and penalties and/or decrease in credits) and the collection of any such amounts. In addition, I accept any overassessment (decrease in tax and penalties and/or increase in credits) shown above. I also agree to any interest as provided by law.

Sign Here		Date
Sign Here		Date
Sign Here	By	Title
		Date

Note:

If you consent to the assessment of the amounts shown in this agreement, your signature will expedite our adjustment to your account. Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are entitled to a refund. It will not prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for either action.

Who Must Sign

If you are making this agreement for a partnership, all partners must sign. However, one partner may sign with appropriate evidence of authorization to act for the partnership.

For a corporation, enter the name of the corporation followed by the signature and title of the officer(s) authorized to sign.

For an agent or attorney acting under a power of attorney, a power of attorney must be sent with this form if not previously filed with us.

Memo: Abatement amount under IRC 3402(d) and/or IRC 3102(f)(3) - See explanation on Form 4666

Tax Period Ended	Return Form Number	IRC Code	Credit for Abatement	Tax Period Ended	Return Form Number	IRC Code	Credit for Abatement

Form **4666**
(Rev. October 2010)Department of the Treasury - Internal Revenue Service
Summary of Employment Tax Examination

Name and Address of Employer

Green Jacobson PC
8909 Ladue Rd
Saint Louis, MO 63124

Employer Identification Number

Date of Report

08/24/2017

Type of Report

☐ Delinquent tax
(Return not filed)☐ Increase (Decrease) in tax
(Return filed)☐ Agreed (This report is subject to review and you will be notified by the
Director when it is accepted)☐ Unagreed

Following is a summary of the results of my examination of your returns as shown on the attached pages of this report.

Tax, Credits and Penalties							
a Calendar Year	b Return Form Number	c Delinquent Tax, Increase (Decrease) In Tax	d Increase (Decrease) in Allowed Credits	e Penalty		f Total Adjustment and Penalties (c-d+e)	g Page Number of Report
				Code Section	Amount		
2015	945	16,588.49		6651	5,225.37	21,813.86	2 to 5
Total		16,588.49			5,225.37	21,813.86	

Other Information

This does not constitute an income tax examination

This corrected report supersedes the report dated August 21, 2017.

Form 2504, non-Section 7436 issues.

Backup Withholding, Information Return Penalties

The examination of your employment tax returns as reflected on this report did not include an examination for employment tax purposes of whether any individuals should be treated as employees of the taxpayer for the purposes of Section 530 of the Revenue Act of 1978, as amended by Section 1122 of the Small Business Job Protection Act of 1996.

Examiner's Name

Danielle Englert

Area

Midstates

Cat. No. 41874S

www.irs.gov

Form 4666 (Rev. 03-2011)

Form 4668-B (Rev. Mar. 2011)	Department of the Treasury — Internal Revenue Service Report of Examination of Withheld Federal Income Tax For withholding reported on Forms 1099 and W-2G.		Return form number 945
Name and Address of Taxpayer Green Jacobson PC 8909 Ladue Rd Saint Louis, MO 63124		Employer Identification Number	Calendar Year 2015
		Total tax plus penalty or (decrease) in tax 21,813.86	
Examination discussed with (Name and title) David Sosne, Trustee		<input type="checkbox"/> Agreed (Subject to acceptance by the Director) <input type="checkbox"/> Unagreed	

Summary of Changes to Federal Income Tax Withholding**Adjustment to taxes withheld under IRC 3402(o) through 3402(r) and 3405**

(a) Description of Payment Subject to Tax	(b) Code Section	(c) Tax Rate	(d) Payments	(e) Tax
1.				
2.				
3.				
4.				
5.				
6. Non-wage taxes withheld but not reported				
7. Other adjustment to non-wage withholding				
8. Total adjustment to non-wage withholding (Total of Lines 1(e) through 7(e))			IRS Ref. 003	

Adjustment to backup withholding

(a) Description	(c) Tax Rate	(d) Payments	(e) Tax
9. Payments subject to backup withholding under IRC 3406	28.00%	59,244.60	16,588.49
10. Payments subject to backup withholding under IRC 3406			
11. Taxes withheld under IRC 3406 but not reported			
12. Other adjustment to backup withholding			
13. Total adjustment to backup withholding (Total of Lines 9(e) through 12(e))		IRS Ref. 008	16,588.49

Summary of adjustments to tax and penalties

14. Delinquent tax or increase (decrease) in tax (Line 8(e) plus Line 13(e))	16,588.49
15. Penalty code section 6651(a)(1)	3,732.41
16. Penalty code section 6651(a)(2)	1,492.96
17. Penalty code section 6656	
18. Penalty code section	
19. Total penalties (sum of Lines 15 through 18)	5,225.37
20. Maximum tax available for abatement under IRC 3402(d)	16,588.49

Form 2504, non-section 7436 issues

Examiner's Name Danielle Englert	Group Number 1217	Area Midstates	Date 8/24/2017
-------------------------------------	----------------------	-------------------	-------------------

Name of Taxpayer:	Green Jacobson PC
Identification number:	

EXPLANATION OF THE DELINQUENCY PENALTY - IRC 6651(a)(1)

Since your non-wage withholding tax return was not filed within the time limit prescribed by law and you have not shown that such failure was due to reasonable cause, an addition to the tax is charged as shown below, in accordance with Section 6651(a)(1) of the Internal Revenue Code.

1. Tax period ended	12/31/2015
2. Date return due	1/31/2016
3. Date return filed	7/25/2017
4. Number of months delinquent	18
5. Failure to file rate (Line 4 x 5%, max 25%); (if fraudulent failure to file, Line 4 x 15%, max 75%)	25.0%
6. Tax shown on return	
7. Adjustment to tax (Form 4668-B, Line 14)	16,588.49
8. Total corrected tax liability (Line 6 plus Line 7)	16,588.49
9. Timely deposits	
10. Net amount due (Line 8 less Line 9)	16,588.49
11. Gross Failure to File Penalty (Line 5 x Line 10)	4,147.12
12. Failure to Pay penalty running concurrently	414.71
13. Net Failure to File Penalty (Line 11 less Line 12)	3,732.41
14. Failure to file penalty previously assessed	
15. FTF penalty previously waived for FTP running concurrently	
16. Additional Failure to File penalty (Line 13 less (sum of Lines 14 + 15))	3,732.41

Name of Taxpayer: Green Jacobson PC
Identification number:

EXPLANATION OF THE DELINQUENCY PENALTY - IRC 6651(a)(2)

Since your non-wage withholding tax return was not filed within the time limit prescribed by law and the tax was not paid, and you have not shown that such failure was due to reasonable cause, an addition to the tax is charged as shown below, in accordance with Section 6651(a)(2) of the Internal Revenue Code

1. Tax period ended	12/31/2015
2. Date return due	1/31/2016
3. Date to which tax is computed	7/25/2017
4. Number of months delinquent	18
5. Failure to pay rate (Line 4 x 0.5%, max 25%)	9.0%
6. Delinquent tax (Form 4668-B, Line 14)	16,588.49
7. Timely deposits	
8. Net amount due (Line 6 less Line 7)	16,588.49
9. Failure to Pay Penalty, if no payments after the return due date (Line 8 x Line 5)	1,492.96
10. Failure to pay penalty (from penalty computation schedule)	

The amount appearing as the Failure to Pay penalty in Line 9 or Line 10 only reflects the addition to tax under Internal Revenue Code section 6651(a)(2) through the date shown on Line 3. This addition to tax will continue to accrue from the due date of the return at a rate of 0.5 percent each month, or fraction thereof, not exceeding 25 percent.

Name of Taxpayer: Green Jacobson PC
Identification number:

EXPLANATION OF THE FAILURE TO DEPOSIT PENALTY - IRC 6656

Since you failed to timely make deposits of non-wage withholding tax as required by law and regulation, and you have not shown that such failure was due to reasonable cause, an addition to the tax is charged as shown below, in accordance with Section 6656 of the Internal Revenue Code.

1. Tax period ended	12/31/2015
2. Tax shown on return	
3. Additional tax required to be deposited	0.00
4. Total corrected tax liability (Line 2 plus Line 3)	0.00
5. Timely deposits	
6. Undeposited amount (Line 4 less Line 5)	0.00
7. Total Failure to Deposit Penalty (Line 6 x 10%)	0.00
8. Failure to Deposit Penalty previously assessed	
9. Additional Failure to Deposit Penalty (Line 7 less Line 8)	0.00